



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AN No. 2502 (1951)

March 20, 1992

SUBJECT: Administrative Offset

TO: State Directors  
District Directors  
County Supervisors

PURPOSE/INTENDED OUTCOME: The purpose of this AN is to clarify existing regulations concerning the determination of whether administrative offset is feasible.

COMPARISON WITH PREVIOUS AN: No AN has been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES:

FmHA Instruction 1951-C, section 1951.103(d) currently states that administrative offset will not be used when "the cost to the Government of collecting by offset will exceed the amount collectable." The intent of this section is to eliminate offset when the Government's cost to process and collect the offset would exceed the amount of the debt. We have determined that the cost to the Government of establishing and collecting an administrative offset is approximately \$100. Therefore, an offset should not be sought on debts of \$100 or less. An offset of debts in excess of \$100 should be sought in accordance with FmHA Instruction 1951-C. FmHA Instruction 1951-C is being revised to reflect this clarification.

Section 1951.103(d) has been misinterpreted to mean an administrative offset should not be sought if it is not expected to generate sufficient collections to pay the interest which will accrue on the account. This is not an issue in determining whether to seek the offset.

LA VERNE AUSMAN  
Administrator

EXPIRATION DATE: March 31, 1993

FILING INSTRUCTIONS:  
Preceding FmHA  
Instruction 1951-C



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